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Editor's Notes Precise stargazing, and the imperfect art of accounting

From atop the second highest peak of the Santa Rita Range which lifts through Arizona near the Mexican border six mirrors will point into the deep skies tonight and, if the night is clear, each of the six mirrors will reflect its separate image of the chosen star. Celestial twinkling caught by the mirrors of the new Mt. Hopkins telescope will be focused from each of the six reflections into a single image through an electronic control system that uses smaller movable mirrors, lasers, and on-line computers. The compound eye of the MMT, or Multiple Mirror Telescope, is an ingenious method of looking at an object that is too distant to be seen by one large telescope, or at least by a telescope whose enormous lens weighs so much that one additional inch of diameter would cause it to fall in upon itself of its own weight. Multiple mirrors enlarged the reflecting field but presented problems of realignment whenever the telescope changed position, or when heat variations within the observing chamber caused minute changes in the mounting angles. The MMT became a practical instrument only after development of a sophisticated guidance system that realigns each of the artificial star reflections into one common focus.

Can any committee of six persons focus six impressions of a problem into one clear image? When replacement, or current, cost is endorsed for supplemental financial statements by some industries, while others prefer constant dollar reporting, can any common procedure evolve for banking, the forest products industry, insurance, mining, oil and gas, and real estate interests?

It comes to mind that the accounting profession whose problems, unfortunately, are neither distant or obscure, would be marvelously advantaged by a device that could align separate points of view into one indisput-

able picture. There is no denying that well tempered judgment, however deliberate, is better than the pragmatism of the despot, or the tunnel vision of the fanatic, but wouldn't it be wonderful if some mental equivalent of movable mirrors, and lasers, and on-line computers could, after all the reasonable discussion is over, collect the cogencies and blend them?

Such is the intent of the Financial Accounting Standards Board, of course, with its composite membership from backgrounds of business, government and accounting. The multiple mirror idea is furthered by the Financial Accounting Standards Advisory Council. Instead of six reflectors like the Mt. Hopkins telescope, the combined vision of Board and Council reflects forty-four points of view but as yet nobody has devised mirror, or laser, or on-line computer to automatically focus that collection of knowledge into an image of common truth.

Visions of activity appropriate to accountants are as myriad as points of light in the Milky Way. Each observer sees the light cluster according to a specific point of observation and according to the degree of acuity available. We have on one hillside, so to speak, the Securities and Exchange Commission reporting every observation in an authoritarian way. From another promontory the accountants themselves describe the view, with some obvious straining for accord. On yet another series of platforms client groups report sightings that can be as far apart as the North Star and Southern Cross. Then from atop Capitol Dome the Congress of the United States makes solemn scrutiny as prelude to magisterial announcement.

To clear some of the haze the profession began, on July 1, to give formal definition to the clientele of the level of accountant assurance for each engagement with non-public com-

panies not requesting audit. Clients are advised of the exact services that will be performed at the compilation, or lower, level and at the higher level known as the review. If definition of compilation and review lacks the sophistication of multiple mirrors and lasers and computers, it compensates with the charm of simplicity. Each party to the accounting engagement will know what the other has in mind. The July issue of *The Woman CPA* presents two articles relating to this new procedure prescribed by the Accounting and Review Service Committee of the AICPA.

One of the most controversial views of accounting activity concerns management advisory services (MAS), a lucrative field that has become exceedingly attractive. Business has tacitly approved MAS by public accounting firms by placing Arthur Andersen & Co. third from the top in 1978 dollar billings as management consultants. Coopers & Lybrand come next in the billing hierarchy, followed closely by four more Big Eight firms.

Seen from another point of view, when accountants advise management and then audit the fruits of management decision, some independence must be forfeited. The public oversight board of the SEC practice section of AICPA counsels the profession to be very circumspect in MAS activities, while simultaneously demonstrating to clients that potential benefits from MAS can outweigh any impairment of auditor objectivity. Meanwhile Senator Thomas F. Eagleton (D-Mo.) condemns combination of MAS with auditing functions and has reminded the profession that the Metcalf subcommittee's proposals for self-regulation will be reinforced by stronger alternatives if accountants fail to put their house in order. Disparate points of view. In this issue we present a discussion of MAS so that our readers may appraise the controversy.

As Americans we have a cultural inclination to tolerate various viewpoints but as accountants we might, once in a while, yearn to wish upon a star for some ingenious focusing device that would bring the separate sightings into one clear view.

Constance T. Barcelona